

South Carolina Department of Commerce



Logistics and Distribution Opportunities in South Carolina



South Carolina:

The Perfect Business Location

South Carolina understands the needs of today's businesses. That understanding is reflected in the state's business-friendly climate and its worker training programs, offered through readySC™. South Carolina has developed a reputation as a place where businesses can prosper and is consistently ranked among the top 10 states in the nation for its business environment. Some of the state's recent national recognitions include:

- Among the Top Three in the Percent of Private Industry Employed by Foreign-Affiliated Companies, U.S. Bureau of Economic Analysis.
- Among the Top Five for Most Business Friendly States, Pollina Corporation.
- Among the Top Five for Best State Worker Training Program, readySC™, *Expansion Management* magazine.
- Among the Top 10 for Lowest Cost for Doing Business, Milken Institute.
- Among the Top 10 for Best Pro-Business Regulatory Environment, *Forbes*.

Furthermore, South Carolina is among 10 states with the lowest cost of labor on *Business Facilities'* 2007 "Cost of Labor Ranking." Combine this business-friendly environment with a strong and growing back-office sector, and it becomes readily apparent why many data centers enjoy calling South Carolina home.

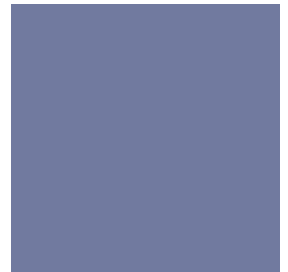
Central Location

Within a day's drive of half the nation's fastest growing markets.



With convenient access to all of the Southeast's major metropolitan areas, South Carolina offers distribution centers a strategic location from which to meet customers' demands for timely delivery. The state's proximity to customers and raw materials reduces delivery time, cuts the costs associated with inventory storage and streamlines transportation costs – all of which increase a company's bottom line. In fact, a location in South Carolina means proximity to key population centers, including rapidly growing metro areas like Atlanta, GA, Charlotte-Rock Hill, NC-SC, Raleigh-Durham, NC and Jacksonville, FL.

A 650 mile reach from South Carolina extends as far north as New York, as far west as Arkansas and to the southernmost tip of Florida. When that reach is extended to 1,000 miles, distribution companies have access to 35 states and roughly 75 percent of the total U.S. population. South Carolina's strategic location, combined with an extensive transportation infrastructure, puts distribution centers at the gateway to the world.



Interstate Highway System

A South Carolina distribution site is located within 1,000 miles of 35 states and roughly 75 percent of the total U.S. population. These strategic advantages have been recognized by such manufacturers as BMW, Michelin, General Electric, Robert Bosch and Bridgestone Firestone. Distribution warehouses by such national names as Target, Walgreen's, Wal-Mart, Dollar General and the adidas Group are also taking advantage of South Carolina's unparalleled infrastructure.

In addition, South Carolina's strategic location and five interstates make it easy for trucking companies to move goods efficiently and cost-effectively—both from suppliers to the distribution center and from the center to its customer base. South Carolina is crisscrossed by five interstate highways: I-85, I-26, I-77, I-95 and I-20. Offering excellent east-west and north-south access, these interstates are enhanced by another 41,000 miles of state-maintained highways.

In fact, all terminals at the Port of Charleston are within two miles of interstate highway access, where approximately 130 truck lines and 150 motor freight lines offer a wide variety of local, long haul and specialty motor freight services. Together, truck-dependent industries employ 57 percent of South Carolina's workers and 75 percent of the cargo received at the ports is moved by truck. Distribution companies in South Carolina have access to an extensive choice of transportation providers including a wide selection of less-than-truckload (LTL) carriers. The South Carolina Trucking Association (SCTA) membership has grown from 17 dues paying members in 1936 to almost 900 company members today. The association's carrier members range from small, family-owned businesses, to large, national companies with major terminal facilities throughout South Carolina, the Southeast and the nation.

Port of Charleston

The Port of Charleston is ranked as one of the most efficient ports year after year.



One of the busiest container ports on the East Coast and the seventh largest container port in the United States, the Port of Charleston, has been a major global center of commerce and trade for three centuries. More high crane container lifts are done at this port than any other in the Western Hemisphere. In 2007, the port handled 1.88 million TEUs.

Saving companies more dollars with more efficient operations:

- Ranked as one of the most efficient ports year after year.
- Transit times of 1-2 hours from open sea to dockside, fastest on the East Coast.
- Works ships at an average of 41 moves per hour per crane.
- Trucker averages of 20 minutes from the time of arriving at the gate to swiping the outbound ticket.

Source: S.C State Ports Authority, 2008.



Making an impact on the environment:

- Adding and restoring 22 acres of tidal marshes.
- Reducing port-related air emissions and funding an air monitoring station, three years ahead of required timeline.
- Partnering with Wildlife Trust to protect the Northern Right Whale.

Source: PledgeForGrowth.com.



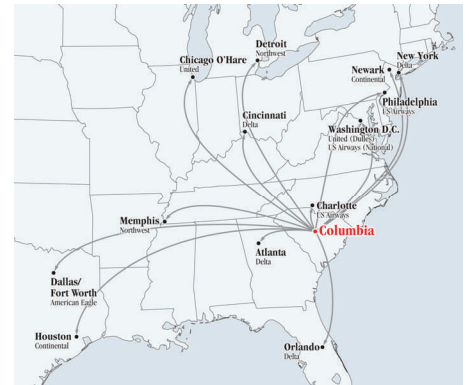
Airports

Any location in South Carolina is within about an hour of a commercial airport.

Eight strategically placed airports provide distribution companies with access to a commercial airport within one hour of any location in South Carolina. Direct flights are available to most major domestic hubs throughout the United States, and international connections can easily be made via Atlanta, Charlotte, Chicago and New York.

Airports: Five primary airports serve the state, and three others are located just across South Carolina's borders. On this page are maps of five of the primary airports, Charlotte Douglas International Airport (CLT), Charleston International Airport (CHS), Columbia Metropolitan Airport (CAE), Greenville-Spartanburg International Airport (GSP) and Myrtle Beach International Airport (MYR). As the maps demonstrate, non-stop flights are available from all these airports to major cities throughout the nation.

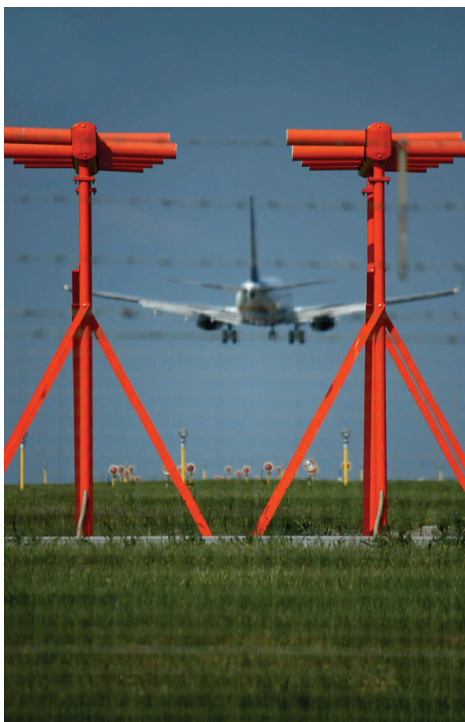
South Carolina also has another 70 general aviation fields available, offering private air service.





Air Cargo Services

South Carolina is home to a UPS Southeastern Regional Hub.



Distributors gain a strategic advantage by locating in South Carolina. All major freight carriers serve the state, including the **United Parcel Service (UPS)**, which has a Southeastern Regional Hub at the Columbia Metropolitan Airport. An expanded heavy-freight shipping network offers next day, second day and third day air service and can process 42,000 packages an hour. The buildings encompass 352,000 square feet and the 44-acre ramp is large enough to hold 22 DC-8 aircrafts.

Evergreen Aviation Ground Logistics has operations in Charleston, SC providing air freight and aviation services. Evergreen offers cargo buildup, breakdown, warehousing, mail handling, sorting and other distribution services.

Federal Express has also expanded its South Carolina presence at the Greenville-Spartanburg International Airport. With these multi-million dollar expansions, a location in South Carolina offers time-sensitive distributors considerable advantages.

Rail

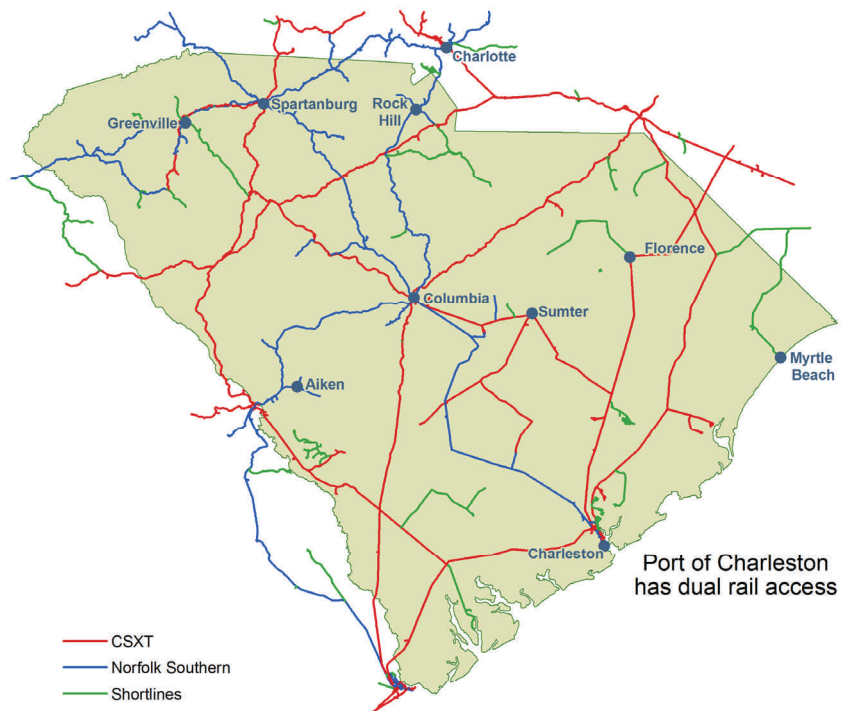
CSX Transportation, Norfolk Southern and seven affiliated and independent lines combine to offer rail service seven days a week in every metro area, operating almost 2,300 miles of rail. From South Carolina's strategic location, distribution companies can access over 21,000 miles of lines in 22 states operated by Norfolk Southern, and over 22,000 miles operated by CSX.

In addition to the extensive network mentioned above, dual rail access is available at the Port of Charleston at the North Charleston Terminal. The Port Utilities Commission of Charleston (PUC) and the Port Terminal Railroad (PTR) provide switching services to the terminals of the State Ports Authority, CSX Transportation and Norfolk Southern.

Both CSX and Norfolk Southern also offer daily, double-stack train express services (inbound and outbound); providing customers efficient access to market gateways in the Northeast, Midwest, Canada and Mexico, while eliminating costly double handling of goods.



South Carolina Rail Lines



Intermodal Transport

Offering Seamless Connectivity



South Carolina offers seamless connectivity amongst its various ports, railways, highways and airports. Each mode of transportation contributes to a vast network that can keep your business running smoothly. From receiving, storing, transferring and distributing your international and domestic cargo, a location in South Carolina ensures on-time connectivity for your products.

Intermodal hubs are a key component to the logistics and distribution industry. Jafza International is planning to make its Orangeburg, S.C. location the hub of its international operations. Utilizing 1,300 acres of land for a modern logistics and distribution park, Jafza's hub will include facilities for warehousing, manufacturing and distribution. This project will be supported by thousands of employees over the next decade. After completion, the project will be one of the largest logistics hubs in the nation.

Jafza International's investment shows that South Carolina is leading the way in providing the greatest opportunity for success to distribution companies. The state's history with successful distribution operations speaks for itself. Below are just some of the success stories of distribution operations in South Carolina:

- **Wal-Mart** chose two sites in South Carolina for its super-regional distribution centers because the strategic location is central to its southeastern operations and allows for easy access to several interstates.
- **Target** chose a site in Kershaw County for a regional distribution center because of a very favorable labor climate, great quality of life in the area and affordable transportation costs. The facility has 1.35 million square feet of warehouse space, making it one of the largest facilities in South Carolina.
- **adidas Group** created 1,200 jobs and invested \$150 million dollars in Spartanburg County in a footwear and apparel distribution facility because of Spartanburg's key location along I-85 and I-26, which provides excellent access to U.S. markets.

Foreign Trade Zones

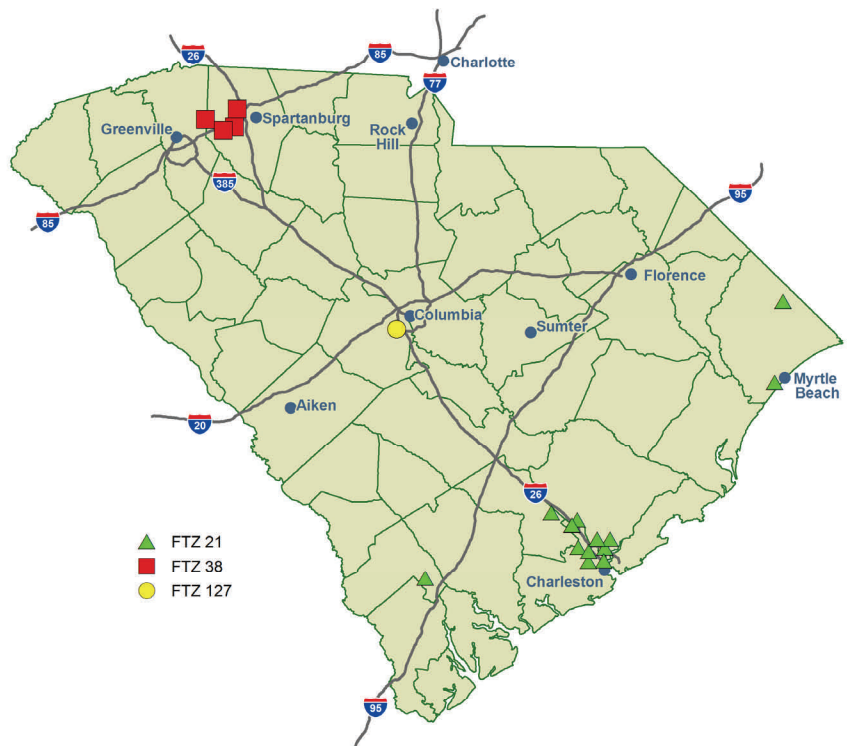
Three strategically located Foreign Trade Zones (FTZs), whose 18 sites serve the entire state, are a critical part of South Carolina's world-class transportation system. Just 12 miles north of Charleston, FTZ 21 is readily accessible to Charleston's port. FTZ 127 in Columbia serves the central areas of the state and FTZ 38 serves the Upstate; all are adjacent to major metropolitan airports, facilitating air freight service worldwide.

Operating within a FTZ offers several benefits:

- Possible reduction or elimination of customs duties
- Deferral of duty payment until the time of delivery of the final product into U.S. commerce
- Increased efficiency because customs can be bypassed through direct delivery



Foreign Trade Zones in South Carolina



Workforce

The growing trade activities in South Carolina on the local, regional and international level are increasing the demand for a competent and sustainable workforce.

The state's workforce is a gateway for growth in the Logistics and Distribution industry. The South Carolina workforce for this industry can be broken down into three occupations:

- Truck Drivers, Heavy and Tractor-Trailers
- Logisticians
- Transportation, Storage and Distribution Managers.

For these occupations, South Carolina is 12 percent less expensive than the national cost.

In addition, South Carolina's educational institutions, accompanied by the support of business and government organizations, work in unison to create programs that help prepare individuals for successful employment in the Distribution and Logistics Industry.



South Carolina's highly skilled—and growing—workforce is complemented by some of the most competitive wages in the U.S., making South Carolina an ideal location for any distribution or logistics center. Additionally, highly competitive workforce incentives help companies find, train and retain a productive workforce to stay competitive in today's global economy. Our nationally recognized worker training program, readySC™, has been building a skilled, flexible and dependable workforce for over 40 years and is ready to put its expertise to work for you.

Occupation	South Carolina	United States	% Above/Below National Average
Truck Drivers, Heavy and Tractor-Trailers	\$17.28/hr	\$18.06/hr	-4.51%
Logisticians	\$29.76/hr	\$31.85/hr	-7.02%
Transportation, Storage and Distribution Managers	\$32.90/hr	\$39.41/hr	-19.79%

Skilled Workforce

Dedication to encouraging economic growth has led to the state creating and fostering a strong labor force and business climate that companies find optimal for the production of their goods and services. The vital aspect of a strong workforce is a commitment to ensuring that workers are provided with the best training programs. South Carolina does just that through several aspects, including the nationally acclaimed program readySC™.

For more than 43 years, readySC™ has been recognized as one of the nation's premier economic development training programs. readySC™ helps organizations to start-up quickly and efficiently in today's competitive environment, and provides custom-designed solutions such as workforce recruiting, testing and experienced project management.

All of readySC™ services culminate in real economic value for any company. From a quick, successful start-up, to reduced turnover, to providing a qualified, motivated workforce, to delivering world-class training programs, readySC™ delivers value at little or no cost to companies.

readySC™—an Innovative Training Development Model

readySC™'s proven training development model is a **3-D Process** consisting of three phases designed to expertly provide the necessary skills, abilities and knowledge to make your project successful.

Discovery: readySC™ works with your subject matter experts to determine the skills, knowledge and abilities needed; as well as to define the desired culture and work environment at your new facility.

Design: The program then designs training to meet your specific needs. Team based? Five-S? GMP? readySC™ doesn't just deliver these individual courses; it can integrate their principles into every facet of the training so that your training plan is customized specifically to you.

Delivery: readySC™ is completely flexible in its delivery option: hands-on simulation of your working environment; computer based training; workstation training; virtual re-creation of your work processes; and handheld video delivery options.

readySC™ is ready to work with you to determine the right solution for your organization.



"South Carolina's workforce development model is best in class. The whole process from our company's standpoint allows us to make sure that we have the right people trained at the right place at the right time with the right motivation. South Carolina does this better than any other state that we do business in."

 TOM STUBBINS
VOUGHT AIRCRAFT INDUSTRIES, INC.
DREAMLINER 787 PROJECT

Taxes and Incentives

The Right Incentives = A Lower Cost of Operation

South Carolina offers a pro-business environment with incentives aimed at reducing companies' cost of doing business. Qualifying companies can receive reimbursements for eligible capital expenditure, corporate income tax credits and property tax incentives.

Corporate Income Tax Credits

- Tax credits for new job creation.
- Tax credits for corporate headquarters facilities (must create a minimum of 40 new jobs engaged in corporate headquarters or research and development functions, and the headquarters must handle a majority of the headquarters functions for the company on a national or regional basis).

Exemptions and Incentives Against Property Tax

- No tax on inventory, intangibles or pollution control equipment.
- Five-year abatement of the county operating portion of property tax (lowers the millage rate by approximately 33 percent by removing the county operating portion of the rate for five years). Applies only to those facilities that hire at least 75 employees and have a minimum of \$50,000 in capital investment.
- Opportunity to negotiate with the county for a fee-in-lieu of property taxes (with a minimum of \$2.5 million capital, a county can substitute a 20-year fee schedule with a reduced assessment rate in place of standard property tax payments).

Exemptions from Sales Tax

- No value added taxes.
- No wholesale sales tax.
- No tax on packaging materials or long distance telecommunication services, including 800 services.

Port Volume Increase Credit

South Carolina provides a possible income tax credit to manufacturers, warehouse users and distributors that use the state's port facilities and increase base port cargo volume by 5 percent over base-year totals. To qualify, a company must have 75 net tons of noncontainerized cargo or 10 loaded TEUs transported through a South Carolina port for their base year. The total amount of tax credits allowed to all qualifying companies is limited to \$8 million per calendar year.

Rankings

South Carolina's national recognitions are proof positive that the state's infrastructure is second to none.



- *Cargo Business News* designated the Port of Charleston a "Star Port" and Wando Welch Terminal a "Star Terminal" in 2008. *Source: Cargo Business News, February 2008.*



- The *Journal of Commerce* acknowledged that the Port of Charleston is "regarded as the most productive East Coast port." Charleston recently averaged 41.5 container moves per hour with an average trucker turn time of 23 minutes. *Source: Journal of Commerce, January 7, additional 2008 information from Port.*



- *fDi Magazine's* 2007/2008 North American Cities of the Future competition ranks Charleston second best in the nation for infrastructure in the large city category (500,000-2,000,000 population). *Source: fDi Magazine, April 2007.*



- *Expansion Management* and the American Transportation Research Institute ranked South Carolina as the sixth lowest state in fuel taxes and fees. *Source: Expansion Management/American Transportation Research Institute, 2007.*



- Charleston, Columbia, Greenville and the Rock Hill area consistently appear on *Expansion Management* magazine's list of "5-Star Logistics Metros," the most logistics-friendly metros in the U.S. *Source: Expansion Management, 2007.*

Testimonials

When considering market accessibility, telecommunications capabilities and logistical advantages, South Carolina provides a clear benefit to companies looking to locate or expand in the Palmetto State.

Mediterranean Shipping Company Announces Expansion



\$7 Million Investment Brings 200 Jobs to Charleston County

“MSC has grown exponentially in recent years and will continue to grow as we add new generation mega-container ships,” Vice President Sergio Fedelini says. “Charleston has been able to offer us what many other locations have not – great incentives, a dedicated workforce and reasonable coastal living. We could have located anywhere. Being near a port is not required for daily operations, but it is a very nice benefit.”

Sergio Fedelini, Vice President, Mediterranean Shipping Company

Nationwide Express, Inc. Announces New Facilities in Columbia and Charleston

\$10 Million Investment to Bring 75 New Jobs to South Carolina

“Nationwide is very excited about entering the South Carolina market. The state’s infrastructure and access to markets made a decision to expand into South Carolina an easy one. We anticipate future growth at both facilities to total over 250,000 square feet,” said David Coffey, President, Nationwide Express, Inc.



David Coffey, President, Nationwide Express, Inc.

Starbucks Announces Intention to Build New U.S. Roasting Plant in South Carolina



Calhoun County Facility to Roast, Package, and Ship Starbucks Premium Coffees to Southeast Markets

“Starbucks is pleased to further strengthen our ties to the South Carolina business community,” said Peter Gibbons, Starbucks senior vice president, manufacturing. “This new facility will help us meet increasing demand for our premium coffees and allows us to support our growth in the Southeast.”

Starbucks chose the Calhoun County site based on several factors, including workforce availability, transportation access, quality of life, and strong support from local and state leaders.

Peter Gibbons, Vice President, Manufacturing, Starbucks Coffee Company



South Carolina Department of Commerce



*For more information on how we
can help your business grow, contact:*

South Carolina Department of Commerce

1201 Main Street, Suite 1600
Columbia, SC 29201
(800) 868-7232
(803) 737-0400

SCcommerce.com